

AGENDA: September 24, 2002

5.2

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: Planned Community Permit/Provisional
Use Permit—303 Bryant Street

RECOMMENDATION

Adopt A RESOLUTION TO DENY AN APPLICATION FOR A PLANNED COMMUNITY PERMIT/PROVISIONAL USE PERMIT TO CONVERT 1,768 SQUARE FEET OF GROUND FLOOR SPACE TO OFFICE AT 303 BRYANT STREET.

FISCAL IMPACT—None.

BACKGROUND

In July 2000, the City Council approved a 55,430 square foot, three-story building at the southeast corner of West Dana and Bryant Streets in Area H of the Downtown Precise Plan. The project included office space approved along a portion of the Bryant Street frontage and retail space designated along the entire length of West Dana Street with two floors of office above (Attachment 1).

In October 2001, staff approved a request for a Planned Community Permit/Provisional Use Permit from Bryant Street Associates, LLC, on behalf of PayPal to expand the office use along the entire Bryant Street frontage which wraps around the corner of West Dana Street, thereby reducing the retail space to 1,768 square feet in the area of the building closest to Wild Cherry Lane and Castro Street (Attachment 2). The permit was approved noting that the expanded office space was compatible with the residential uses along Bryant Street and the resulting retail space was close to Castro Street and met the intent of the original Council approval to focus retail on the main cross streets. A condition was added that the space was only to be used by PayPal and would not be permitted to be subleased. If PayPal's office space needs should change and they no longer need the space, the expanded office area on Dana Street would revert to retail use.

A new application has been received from Bryant Street Associates, LLC, on behalf of PayPal, to convert the remaining 1,768 square foot tenant space to office (Attachment 3). The applicant requests that this space be converted to office with the same restrictions applied to the October 2001 approval, which would be to permit the use only for the building's primary tenant, PayPal, and if PayPal should vacate the space, the space would revert to retail use.

ANALYSIS

Area H of the Downtown Precise Plan is commonly known as the Historic Retail District. To support the desire for an active pedestrian environment, new development is required to provide active ground-floor retail and/or restaurant uses adjacent to the street. However, retail and restaurant space is allowed to convert to office space with an approval of a Planned Community Permit/Provisional Use Permit. The application from Bryant Street Associates, LLC, modifies the original Council approval for this building, where office was permitted along a portion of the Bryant Street frontage and retail/restaurant were anticipated along the entire West Dana Street frontage. In October 2001, staff granted an expansion of the office space along all of the Bryant Street frontage wrapping around to West Dana Street. With that approval, a retail space was created that was close to Castro Street and had the greatest potential for a viable retail or restaurant use. The application being considered would convert the remaining ground-floor space to office and create a 100 percent office building.

A market feasibility study prepared in 1999 as part of Phase I of the Downtown Precise Plan update states that the focal point for retail space should be concentrated along Castro Street and once firmly established, the retail area can spread out to the major bisecting streets (such as West Dana Street). Based on a recent vacancy survey, there is approximately 26,000 square feet to 30,000 square feet of available retail space along Castro Street, at various rental rates (see Attachment 7). As part of the application, the property agent for the owner has submitted a letter which notes that they have been actively trying to lease the space to a retail or restaurant tenant for over one year (Attachment 4). The owner notes that several prospective tenants have inquired about the space, but due to the availability of retail space along Castro Street, prospective tenants have not pursued this space. The lack of tenancy is only due to the market and is not due to the size of the space. The remaining space is viable for either a retailer or a small restaurant. Although the space is not located directly on Castro Street, it is located close to Castro Street on a vital cross street and would help attract other retailers to the area and would help create a vibrant mixed-use building.

PUBLIC INPUT

On August 14, 2002, the Zoning Administrator held a public hearing on the application. Two members of the public were present at the meeting. One person noted he understood the current economic climate and would rather see an office tenant than no tenant, but his preference was for a variety of retail. He suggested a time limitation on an approval of the office use to ensure that the owner continues to actively seek a retail tenant. The other member of the public owns office space within the City and supports the use of this space for an office tenant (Attachment 5). In addition, staff received two letters in opposition of the application noting that office uses create a disincentive to other retailers to locate nearby and it becomes more difficult to attract new retailers (Attachment 6).

The Downtown Committee commented on the project at their regular meeting on September 10, 2002. They raised concern about the conversion of office space to retail but made comments that they would rather see the space rented versus vacant. They commented that the office use could be allowed for a fixed amount of time to allow the retail market to gain strength. No formal action was taken.

CONCLUSION

Staff recommends that the Council deny the request from Bryant Street Associates, LLC, to convert the 1,768 square foot tenant space for an office use. The goal of Area H of the Downtown Precise Plan is to be an active pedestrian spine with continuous active retail and restaurant uses along its length. This strategy is reinforced by requiring all new development to provide active ground-level retail and/or restaurant uses adjacent to the street. The original intent of the building was for a mixed-use building that would provide space for a variety of uses within the downtown area. The Council approved the project with retail along the ground floor on West Dana Street. Because this request would convert the building into an entire office building and would eliminate the ability to have a mix of uses, staff recommends denial.

ALTERNATIVES

1. Because the applicant is having difficulty renting out the space and the application would meet the need of an existing downtown business, the City Council could approve the Planned Community Permit/Provisional Use permit with the condition that the office space is solely for the use by the primary building tenant, PayPal, and no sub-leasing of the space shall be permitted. Council would need to direct staff to prepare a resolution of approval that would be returned for Council approval as a consent item at the next regularly scheduled Council meeting.
2. The City Council could approve the Planned Community Permit/Provisional Use Permit to allow the conversion of space for office for a specified period of time. Council would need to direct staff to prepare a resolution of approval that would be returned for Council approval as a consent item at the next regularly scheduled Council meeting.

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PUBLIC NOTICING

Agenda posting and mailing to all property owners within 300' of the subject site.

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WMcN/6/CAM
808-09-24-02M-E^

Attachments: 1. July 2000 Approval for a 55,430 Square Foot Office Building
 2. October 2001 Approval for a Modification to the Original Approval
 3. Floor Plan for the Proposed Application
 4. Application Letter
 5. Minutes of August 14, 2002 ZA Public Hearing
 6. Letters from Julie Lovins dated August 12, 2002 and Mark Gerrior dated
 August 15, 2002
 7. Chart of Available Space Within the Downtown
 8. Resolution Denying the Planned Community Permit/Provisional Use
 Permit Request

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